

# House Study Bill 627

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
ADMINISTRATIVE SERVICES  
BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act concerning accrued sick leave and the conversion of sick  
2 leave for state employees.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 5360DP 81  
5 ec/je/5

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1 1 Section 1. Section 70A.1, Code 2005, is amended to read as  
1 2 follows:  
1 3 70A.1 SALARIES == PAYMENT == VACATIONS == SICK LEAVE ==  
1 4 EDUCATIONAL LEAVE.  
1 5 1. Salaries specifically provided for in an appropriation  
1 6 Act of the general assembly shall be in lieu of existing  
1 7 statutory salaries, for the positions provided for in the Act,  
1 8 and all salaries, including longevity where applicable by  
1 9 express provision in the Code, shall be paid according to the  
1 10 provisions of chapter 91A and shall be in full compensation of  
1 11 all services, including any service on committees, boards,  
1 12 commissions or similar duty for Iowa government, except for  
1 13 members of the general assembly. A state employee on an  
1 14 annual salary shall not be paid for a pay period an amount  
1 15 which exceeds the employee's annual salary transposed into a  
1 16 rate applicable to the pay period by dividing the annual  
1 17 salary by the number of pay periods in the fiscal year.  
1 18 Salaries for state employees covered by the overtime payment  
1 19 provisions of the federal Fair Labor Standards Act shall be  
1 20 established on an hourly basis.  
1 21 2. All employees of the state earn two weeks' vacation per  
1 22 year during the first year of employment and through the  
1 23 fourth year of employment, and three weeks' vacation per year  
1 24 during the fifth and through the eleventh year of employment,  
1 25 and four weeks' vacation per year during the twelfth year  
1 26 through the nineteenth year of employment, and four and four=  
1 27 tenths weeks' vacation per year during the twentieth year  
1 28 through the twenty=fourth year of employment, and five weeks'  
1 29 vacation per year during the twenty=fifth year and all  
1 30 subsequent years of employment, with pay. One week of  
1 31 vacation is equal to the number of hours in the employee's  
1 32 normal work week. Vacation allowances accrue according to  
1 33 chapter 91A as provided by the rules of the department of  
1 34 administrative services. The vacations shall be granted at  
1 35 the discretion and convenience of the head of the department,  
2 1 agency, or commission, except that an employee shall not be  
2 2 granted vacation in excess of the amount earned by the  
2 3 employee. Vacation leave earned under this ~~paragraph~~  
2 4 subsection shall not be cumulated to an amount in excess of  
2 5 twice the employee's annual rate of accrual. The head of the  
2 6 department, agency, or commission shall make every reasonable  
2 7 effort to schedule vacation leave sufficient to prevent any  
2 8 loss of entitlements.  
2 9 PARAGRAPH DIVIDED. If the employment of an employee of the  
2 10 state is terminated the provisions of chapter 91A relating to  
2 11 the termination apply.  
2 12 If ~~said the~~ termination of employment ~~shall be is~~ by reason  
2 13 of the death of the employee, ~~such the~~ vacation allowance  
2 14 shall be paid to the estate of the deceased employee if ~~such~~  
2 15 the estate shall be is opened for probate. If ~~no an~~ estate ~~be~~  
2 16 is not opened, the allowance shall be paid to the surviving  
2 17 spouse, if any, or to the legal heirs if no spouse survives.  
2 18 3. Payments authorized by this section shall be approved

2 19 by the department subject to rules of the department of  
2 20 administrative services and paid from the appropriation or  
2 21 fund of original certification of the claim.  
2 22 ~~4. Commencing July 1, 1979 Effective July 1, 2006,~~  
2 23 permanent full-time and permanent part-time employees of state  
2 24 departments, boards, agencies, and commissions, ~~excluding~~  
2 25 ~~employees covered under a collective bargaining agreement~~  
2 26 ~~which provides otherwise,~~ shall accrue sick leave at the rate  
2 27 of one and one-half days for each complete month of full-time  
2 28 employment as provided in this subsection which shall be  
2 29 credited to the employee's sick leave account. The sick leave  
2 30 accrual rate for part-time employees shall be prorated to the  
2 31 accrual rate for full-time employees. The sick leave accrual  
2 32 rate for each complete month of full-time employment,  
2 33 excluding employees covered under a collective bargaining  
2 34 agreement which provides for a different rate of accrual,  
2 35 shall be as follows:

3 1 a. For employees of the state board of regents, one and  
3 2 one-half days.  
3 3 b. For all other employees, the rate shall be as follows:  
3 4 (1) If the employee's accrued sick leave balance is seven  
3 5 hundred fifty hours or less, one and one-half days.  
3 6 (2) If the employee's accrued sick leave balance is one  
3 7 thousand five hundred hours or less but more than seven  
3 8 hundred fifty hours, one day.  
3 9 (3) If the employee's accrued sick leave balance is more  
3 10 than one thousand five hundred hours, one-half day.

3 11 5. Sick leave shall not accrue during any period of  
3 12 absence without pay. Employees may use accrued sick leave for  
3 13 physical or mental personal illness, bodily injury, medically  
3 14 related disabilities, including disabilities resulting from  
3 15 pregnancy and childbirth, or contagious disease, which result  
3 16 in any of the following:

3 17 1- a. ~~which require the~~ The employee's confinement, ~~is~~  
3 18 ~~required.~~  
3 19 2- b. ~~which render the~~ The employee is rendered unable to  
3 20 perform assigned duties, ~~or,~~  
3 21 3- c. ~~When~~ The performance of assigned duties would  
3 22 jeopardize the employee's health or recovery.  
3 23 6. ~~Separation from state employment shall cancel~~ Except as  
3 24 provided in section 70A.23, all unused accrued sick leave in  
3 25 an employee's sick leave account is canceled upon the  
3 26 employee's separation from state employment. However, if an  
3 27 employee is laid off and the employee is re-employed by any  
3 28 state department, board, agency, or commission within one year  
3 29 of the date of the layoff, accrued sick leave of the employee  
3 30 shall be restored.

3 31 7. State employees, excluding state board of regents'  
3 32 faculty members with nine-month appointments, and employees  
3 33 covered under a collective bargaining agreement negotiated  
3 34 with the public safety bargaining unit who are eligible for  
3 35 accrued vacation benefits and accrued sick leave benefits, who  
4 1 have accumulated thirty days of sick leave, and who do not use  
4 2 sick leave during a full month of employment may elect to  
4 3 accrue have up to one-half day of additional vacation added to  
4 4 the employee's accrued vacation account. The accrual of  
4 5 additional vacation time by added to an ~~employee~~ employee's  
4 6 accrued vacation account for not using sick leave during a  
4 7 month is in lieu of the accrual of up to one and one-half days  
4 8 of sick leave for that month. The amount of additional  
4 9 vacation for part-time employees shall be prorated to the  
4 10 amount of additional vacation authorized for full-time  
4 11 employees. The director of the department of administrative  
4 12 services may adopt the necessary rules and procedures for the  
4 13 implementation of this program for all state employees except  
4 14 employees of the state board of regents. The state board of  
4 15 regents may adopt necessary rules for the implementation of  
4 16 this program for its employees.

4 17 8. The head of any department, agency, or commission,  
4 18 subject to rules of the department of administrative services,  
4 19 may grant an educational leave to employees for whom the head  
4 20 of the department, agency, or commission is responsible  
4 21 pursuant to section 70A.25 and funds appropriated by the  
4 22 general assembly may be used for this purpose. The head of  
4 23 the department, agency, or commission shall notify the  
4 24 legislative council and the director of the department of  
4 25 administrative services of all educational leaves granted  
4 26 within fifteen days of the granting of the educational leave.  
4 27 If the head of a department, agency, or commission fails to  
4 28 notify the legislative council and the director of the  
4 29 department of administrative services of an educational leave,

4 30 the expenditure of funds appropriated by the general assembly  
4 31 for the educational leave shall not be allowed.

4 32 9. A specific annual salary rate or annual salary  
4 33 adjustment commencing with a fiscal year shall commence on  
4 34 July 1 except that if a pay period overlaps two fiscal years,  
4 35 a specific annual salary rate or annual salary adjustment  
5 1 shall commence with the first day of a pay period as specified  
5 2 by the general assembly.

5 3 Sec. 2. Section 70A.23, Code 2005, is amended by striking  
5 4 the section and inserting in lieu thereof the following:

5 5 70A.23 CREDIT FOR ACCRUED SICK LEAVE.

5 6 1. For purposes of this section:

5 7 a. "Eligible retirement system" means a retirement system  
5 8 authorized under chapter 97A or 97B, including the teachers  
5 9 insurance and annuity association=college retirement equities  
5 10 fund (TIAA=CREF).

5 11 b. "Eligible state employee" means a state employee  
5 12 eligible to receive retirement benefits under an eligible  
5 13 retirement system.

5 14 2. An eligible state employee, excluding an employee  
5 15 covered under a collective bargaining agreement which provides  
5 16 otherwise, who retires and has applied for retirement benefits  
5 17 under an eligible retirement system, or who dies while in  
5 18 active employment, shall be credited with the number of  
5 19 accrued days of sick leave of the employee. The employee, or  
5 20 the employee's estate, shall receive a cash payment of the  
5 21 monetary value of the employee's accrued sick leave balance,  
5 22 not to exceed two thousand dollars. The value of the  
5 23 employee's accrued sick leave balance shall be calculated by  
5 24 multiplying the number of hours of accrued sick leave by the  
5 25 employee's regular hourly rate of pay at the time of  
5 26 retirement.

5 27 3. a. An eligible state employee, excluding an employee  
5 28 covered under a collective bargaining agreement which provides  
5 29 otherwise or an employee of the state board of regents, who  
5 30 retires and receives a payment as provided in subsection 2  
5 31 shall be entitled to elect to have the employee's banked value  
5 32 of eligible accrued sick leave available to be used to pay the  
5 33 state share for the employee's continuation of state group  
5 34 health insurance coverage pursuant to the requirements of this  
5 35 subsection.

6 1 b. An eligible state employee's banked value of eligible  
6 2 accrued sick leave shall be calculated as follows:

6 3 (1) If the employee's accrued sick leave balance remaining  
6 4 after payment as provided in subsection 2 is seven hundred  
6 5 fifty hours or less, sixty percent of the value of the  
6 6 remaining accrued sick leave balance.

6 7 (2) If the employee's accrued sick leave balance remaining  
6 8 after payment as provided in subsection 2 is one thousand five  
6 9 hundred hours or less but more than seven hundred fifty hours,  
6 10 eighty percent of the value of the remaining accrued sick  
6 11 leave balance.

6 12 (3) If the employee's accrued sick leave balance remaining  
6 13 after payment as provided in subsection 2 is more than one  
6 14 thousand five hundred hours, one hundred percent of the value  
6 15 of the remaining accrued sick leave balance.

6 16 c. An eligible state employee's banked value of eligible  
6 17 accrued sick leave shall be available to pay for that portion  
6 18 of the employee's state group health insurance premium that  
6 19 would otherwise be paid for by the state if the employee were  
6 20 still a state employee. The benefits provided for in this  
6 21 subsection have no cash value and are not transferable to any  
6 22 other person, including the retiree's spouse. Payment of  
6 23 state group health insurance premiums pursuant to this  
6 24 subsection continues until the earliest of when the eligible  
6 25 state employee's banked value of eligible accrued sick leave  
6 26 is exhausted, the employee otherwise becomes eligible for  
6 27 federal Medicare program benefits, or the employee dies. In  
6 28 addition, an employee electing benefits pursuant to this  
6 29 subsection who is reinstated or reemployed in a permanent  
6 30 full-time or permanent part-time position within state  
6 31 government forfeits any remaining benefits for payment of  
6 32 state group health insurance benefits, and such employee is  
6 33 not eligible for restoration of the unused sick leave accrued  
6 34 during the employee's prior employment with the state.

6 35 4. Notwithstanding any provision of this section to the  
7 1 contrary, peace officers employed within the department of  
7 2 public safety and the department of natural resources that are  
7 3 not covered under a collective bargaining agreement shall have  
7 4 a sick leave conversion program extended to them that is  
7 5 equivalent to the sick leave conversion program negotiated

7 6 under chapter 20 between the state and the state police  
7 7 officers council labor union for peace officers. In addition,  
7 8 an employee of the department of public safety or the  
7 9 department of natural resources who has earned benefits of  
7 10 payment of premiums under a collective bargaining agreement  
7 11 and who becomes a manager or supervisor and is no longer  
7 12 covered by the agreement shall not lose the benefits of  
7 13 payment of premiums earned while covered by the agreement.  
7 14 The payment shall be calculated by multiplying the number of  
7 15 hours of accumulated, unused sick leave by the employee's  
7 16 hourly rate of pay at the time of retirement.

7 17 EXPLANATION

7 18 This bill is submitted by the department of administrative  
7 19 services pursuant to 2005 Iowa Acts, chapter 177, section 12.  
7 20 That Act required the department to submit proposed changes to  
7 21 the Code and administrative rules to the general assembly that  
7 22 are necessary to implement the sick leave conversion program  
7 23 provided by that Act.

7 24 The bill makes changes to the accrual rate of sick leave  
7 25 for non-board of regents state employees not covered by a  
7 26 collective bargaining agreement and also provides that these  
7 27 employees are eligible, if otherwise qualified, to participate  
7 28 in a sick leave conversion program that allows them to use a  
7 29 portion of their accrued sick leave upon retirement for  
7 30 payment of state group health insurance premiums.

7 31 The sick leave accrual provisions of Code section 70A.1 are  
7 32 amended by the bill. The bill provides that state employees,  
7 33 excluding employees covered under a collective bargaining  
7 34 agreement which provides otherwise and employees of the state  
7 35 board of regents, shall accrue sick leave at a rate dependent  
8 1 on the number of hours of sick leave the employee has accrued.  
8 2 If the employee has accrued 750 hours or less, the employee  
8 3 accrues one and one-half days of sick leave per month. If the  
8 4 employee has accrued 1,500 hours or less, but more than 750  
8 5 hours, the employee accrues one day of sick leave per month.  
8 6 If the employee has accrued more than 1,500 hours, the  
8 7 employee accrues one-half day of sick leave per month. Under  
8 8 current law, which is still applicable to employees of the  
8 9 state board of regents, employees accrue one and one-half days  
8 10 of sick leave per month regardless of the employee's accrued  
8 11 sick leave amount.

8 12 Code section 70A.23, concerning the credit for accrued sick  
8 13 leave, is amended by the bill. That section currently  
8 14 provides, and remains unchanged by the bill, that state  
8 15 employees, excluding employees covered under a collective  
8 16 bargaining agreement which provides otherwise, who retire or  
8 17 are eligible to retire and die while in active employment can  
8 18 receive a cash payment of up to \$2,000 for their unused sick  
8 19 leave. The bill provides that eligible state employees,  
8 20 excluding employees covered under a collective bargaining  
8 21 agreement which provides otherwise and employees of the state  
8 22 board of regents, may participate in a sick leave conversion  
8 23 program. The program allows eligible state employees who  
8 24 retire and continue state group health insurance coverage to  
8 25 use a portion of the employee's accrued sick leave to pay that  
8 26 portion of the employee's health insurance premium that would  
8 27 otherwise be paid for by the state if the employee were still  
8 28 a state employee. The portion available to be used to pay  
8 29 premiums is calculated dependent on the number of hours of  
8 30 accrued sick leave the employee has accrued and not used to  
8 31 provide the \$2,000 cash payment. If the employee has  
8 32 remaining unused accrued sick leave of 750 hours or less, the  
8 33 employee receives 60 percent of the remaining accrued sick  
8 34 leave balance for payment of premiums. If the employee has  
8 35 remaining unused accrued sick leave of 1,500 hours or less,  
9 1 but more than 750 hours, the employee receives 80 percent of  
9 2 the remaining accrued sick leave balance for payment of  
9 3 premiums. If the employee has remaining unused accrued sick  
9 4 leave of more than 1,500 hours, the employee receives 100  
9 5 percent of the remaining accrued sick leave balance for  
9 6 payment of premiums. The payment of premiums from accrued  
9 7 sick leave continues until the balance of the employee's  
9 8 banked value of eligible accrued sick leave is exhausted, the  
9 9 retiree otherwise becomes eligible for Medicare, or the  
9 10 employee dies. In addition, the bill provides that if such an  
9 11 employee returns to permanent full-time or part-time state  
9 12 employment, any unused sick leave balances are forfeited and  
9 13 the employee is not eligible for restoration of the unused  
9 14 sick leave accrued during the prior state employment.

9 15 Finally, the bill provides that peace officers employed  
9 16 within the department of public safety and the department of

9 17 natural resources that are not covered under a collective  
9 18 bargaining agreement shall have a sick leave conversion  
9 19 program extended to them that is equivalent to the sick leave  
9 20 conversion program negotiated under Code chapter 20 between  
9 21 the state and the state police officers council labor union  
9 22 for peace officers.  
9 23 LSB 5360DP 81  
9 24 ec:nh/je/5.1